

EXHIBIT D



RECEIVED

JUN 16 2003

DERGOSITS & NOAH, LLP

June 16, 2003

Mike Dergosits
Dergosits & Noah LLP
Four Embarcadero Center Suite 1450
San Francisco, CA 94111

Dear Mike:

Enclosed is the information [REDACTED]
[REDACTED] for Tactix towels in process. If this is not what you need or if you need additional information, please let me know and I will pursue it further.

I appreciate your help on this and will follow up with you shortly.

Thanks.

Daniel Katsin



June 16, 2003

CONFIDENTIAL MEMO

To: Mike Dergosits
From: Daniel Katsin
Subject: [REDACTED] Patent Backgrounder

Summary

[REDACTED] That said this is how I think Tactix products are obviously and meaningfully different from conventional toweling solutions. Obviously this does not take into consideration the endless prior art that may exist that also has to be taken into consideration. The obvious example of this is the meat and poultry liner found in the refrigerated section of your grocery store.

There seem to be four distinguishing aspects of Tactix towels that both unify them as a body of work and distinguish them from, at least, conventional towels used in everyday life. They are:

1. Shape – None of the products are rectangles. Each is tailored to for a situation specific need.
2. Lack of Uniformity - Tactix towels have components, if you will, that individually add specific functionality and taken in total, help the user do the job more thoroughly. The Tooth Pick in the in one of the patents we already filed had teeth in one area, a smooth backing to enable the towel to easily be inserted into the engineering a gear cassette and a Microfiber surface to apply solvent and remove debris. The Waist & Hip products, which you will read about below, are designed with five distinct usage zones. The Traveler versions of the Waist & Hip further segregate usage by having different surfaces on the opposing sides of the towel. The Waist & Hop products also have a Drying Eye which is simply a hole of one form or another. But is there to hang the towels. The list goes on.
3. Layers – All Tactix toweling products are multi-layered. Some are mixed media such as Microfiber and plastic, others are layers of the same material, still others include a number of different Microfiber textiles - each geared to serve a different purpose.
4. Surface Design – I know this is less relevant unless we are working on a design patent, but each of these product will have it's own lifestyle-oriented design and change periodically much the way fashion does.

Shape

Overview

One of the reasons Tactix towels are more effective than traditional towels is that their shapes are tailored to fit the specific job for which they were intended.

There are presently 61 Tactix towel SKU's and approximately seven embodiments, in various stages of development (concept to prototype). None of them adhere to the traditional rectangle towel shape. Rather they have real ergonomic and/or functional advantages and value. This enables our products to perform in ways that are measurably superior vs. traditional towels. Marketing support claims resulting from these advancements can include:

- o Enables you to dry yourself faster, more thoroughly and more comfortably.
- o Easier to clean and dry.
- o More satisfying toweling experiences.
- o Cleans and dries more conveniently
- o More comfortable to use.



The first two patents we filed are excellent examples of this. These towels could not possibly clean the bike parts for which they are intended without being in the shape that they are, and are described as such in the patent documents.

Waist & Hips

38 - 43 SKU's adhere to the "Waist & Hips" design pictured in Attachment 1.

Waist - Whereas all conventional towels as we think of them, are rectangles in length-to-width proportions ranging from 1:1 in the case of some wash cloths to 1:2 for large bath sheets (with right angle at each corner), these Tactix towels:

- Have no straight edges.
- Have no right angles.
- Are rounded on the short sides in a convex fashion.
- On the long sides, they gradually narrow toward the center along the vertical axis with concave lines to create a "waist" shape.

This is a more pleasing and organic-looking shape. But more importantly, it is to work in concert with the "hips" (described below and pictured in Attachment 1), to define the five distinct areas or zones within each towel. They are the center which looks reminiscent of a woman's hips, and the remaining four areas in the corners of the towel.

Hips - The "hips" define the largest area of these Tactix towels. It is the somewhat elongated, elliptical area that runs down the central, vertical axis. It is designated and segregated from the four corner areas of the towel for the "heavy lifting" of moisture off a person as they dry themselves. In other words, when most people dry themselves after a shower, bath, swim, soak or the like, most of the initial drying occurs as a result of contact between the wet body and this central area of the towel. Thus we have more clearly defined this area and designated its purpose.

In some cases the hips area is structurally different than the other four parts of the towel:

- It may have additional layers of fabric sandwiched in for greater absorbency and/or comfort.
- It may have moisture control barriers in between the layers to separate the sides of the towel. This separation prevents usage on one side from affecting the functionality of the remaining side. For example, ordinarily if one dries off using a side of the towel, the moisture tends to soak through and get the other side wet as well. Often this simply is not a problem. However if the initial drying includes the removal of mud, grease grime or some other undesirable mess, rather than allowing it to soak through and spoil the second side, a moisture barrier separating the two can keep the unused side unspoiled, pristine and 100% functional. Or, if you need to do a lot of absorbing with one towel (ex: using a smaller than usual towel for camping), it is a way to essentially have two towels in one. In both cases, the performance of this towel will be far superior to that of a conventional towel design.
- In other cases, each surface of the towel may be made of a different fabric entirely for different uses (ex: removing dirt and drying for example).
- However in other instances, the five towel areas will be defined solely through the stitching pattern (Attachment 2) and in some cases the surface design. This is to encourage proper usage of the five Tactix towel areas.

The remaining four areas are in the corners of the towel, are the same as one another, and are designated for doing the detail drying. "Detail drying", is defined differently by each individual but usually includes the face, areas where there is hair, or bodily crevasses - all of which require additional attention to effect total body drying before dressing.



Other Shapes

Other situation specific applications call for their own towel shapes and sizes. This includes but is not limited to:

- Fishing Chaps – which are suited to be temporarily attached to the upper legs of fishermen over pants or directly on the skin with shorts. They come in sets of two, with one for cleaning fish cuts and such off the user's hands. The other one is for drying wet hands. (Attachment 3)
- Golf Towels – self-explanatory.
- Chain Taco – A 6" round, multi layered towel for cleaning and re-lubricating bicycle chains. (Attachment 4)
- Car Saddle, Bench Saddle and Bike Saddle – To protect and help keep cars and motorcycle seats clean and dry. (Car Saddle, Attachment 5)

There will be new applications and corresponding shapes as the business progresses.

Structural Features

Drying Eye - Another identifying feature of these towels is that they have a hole for hanging and encouraging air-drying. This may be sewn, like a very large buttonhole, or it may have a grommet to provide added strength, structure and strength. This feature will be a consistent of the Waist & Hips design.

Quilting & Stitching – All of these products have multiple layers of materials sewn, glued or laminated together. Where the layers are all fabric we used a quilted pattern and stitching to hold the elements together, add a new sensation and texture to the toweling experience and give the product style. Attachment 2 is an example of this. There are numerous others. From a purely functional, engineering perspective, this feature holds the product together and prevents the layers from bunching up or shifting around and they are used or laundered.

Fabric Layering – Without exception, Tactix toweling products include multiple layers. In the case of the two patents already applied for there were, in one case several layers of fabric in combination with plastic. In the other, fabric was laminated to plastic. In both cases this layering gave the embodiments the functionality they needed to do jobs in was that were superior to what consumers now have to work with.

Each of the Waist & Hip products, Fishing Chaps, Car Saddle and Chain Taco have their own layering configurations geared to pushing product performance beyond what is currently available on the market.

Waist & Hips – At present, there are seven embodiments. The paragraphs below provide a brief description of the layers and their purposes. As we get down to crafting the patent I can obtain more technical specifications of the materials.



Summary of Embodiments

1	Extreme Terry	<ul style="list-style-type: none"> • Two layers of single knit terry cloth throughout the product. (Enclosure 1) • 80% Polyester, 20% Nylon. • These are quilted.
2	Extreme Chamois	<ul style="list-style-type: none"> • Two layers of chamois comprising the outer layers of the product. 80% Polyester, 20% Nylon. (Enclosure 2). • There is a third layer in the hips section of absorbent material for added functionality and comfort. 80% Polyester, 20% Nylon. (Enclosure 3 is called Microfiber #8 by one of my suppliers. Till I have a more technical description we will stick with MFT8). • These are quilted.
3	<ul style="list-style-type: none"> • Extreme Beach Towel • Auto Extreme 	<ul style="list-style-type: none"> • Two layers of MFT8 comprising the outer layers. • There is a 3rd, 4th and 5th internal layers. Layers 3 and 5 are the single knit terry (Enclosure 1) with the nap facing toward the MFT8. Separating these two layers is a moisture barrier. • These are quilted.
4	Traveler	<ul style="list-style-type: none"> • One outside layer is chamois (Enclosure 2). • One outside layer is terry (Enclosure 1). • The middle layer is a rip-stop nylon moisture barrier. • These are quilted.
5	Fishing Chaps	<p>There are two separate products, though the basic structure of them is the same:</p> <p>There are three layers to each:</p> <ul style="list-style-type: none"> • The layer that goes against you our your pants. It is silk-screened rubber dots on to the middle layer. The dots are for friction so they don't slide down as you use them. • The middle layer is a nylon moisture barrier. • The top layer is either terry (Enclosure 2) for getting the guts off or MFT8 for drying. • These are quilted or stitched.
6	CAR Saddles	<p>Contains two layers:</p> <ul style="list-style-type: none"> • Top layer is terry • Bottom layer is open celled foam rubber. • They are stitched around the boarder and tacked in 6-8 places along the vertical axis to hold the layers together.
7	Chain Taco	<p>Contains three layers:</p> <ul style="list-style-type: none"> • Top layer is jersey. • Middle layer is an absorbent layer. • Bottom layer is nylon moisture barrier. • They are stitched and quilted.
8+	Internal Auto, Hog Floss, Baby Wraps, Golf Towel are all TBD	--

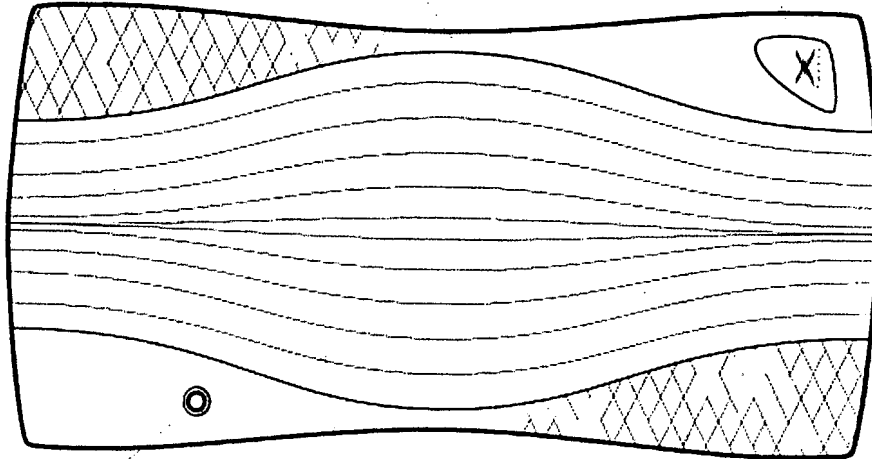
Design Schematics

Detailed for Functionality

- Reinforced buttonhole is strategically placed to enable quick air drying
- Tactix Textiles dry faster than conventional materials- despite superior weight and thickness.

A More Intelligent Approach To Toweling

- The center elliptical area is designed for the heavy lifting of water from your surface.
- The corner zones remain dry and pristine for the final, more delicate and detailed mopping up.



Toweling Design Innovation

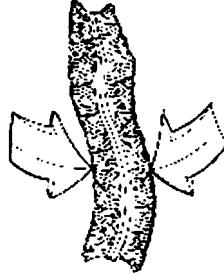
- Uniquely contoured to signal Tactix:
- Advanced materials.
- Superior functionality.
- Greater customer satisfaction.

State-Of-The-Art Textiles

- Simply the most absorbent, fastest toweling materials available.
- Will not lose absorbency with repeated laundering.
- Reinforced edges and extra durable thread for greater durability and life.

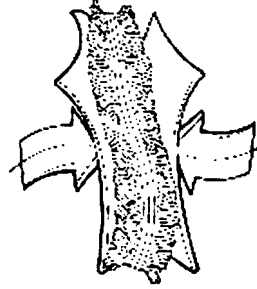
Brand Extending

- The most brand forward identity treatment.
- Literally puts your logo in the hands and on the face of your customers with every Tactix toweling.



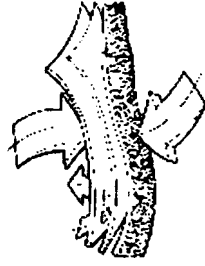
Extreme Terry

Two back to back layers of tactix terry. Designed to get you drier faster than any towel on existence.



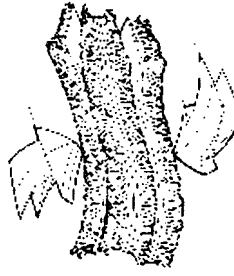
Extreme Chammois

Two layers of Tactix Chammois surrounding a highly absorbent terry for the smoothest, least abrasive drying experience imaginable. Most people don't dry with it.



Travel Towel

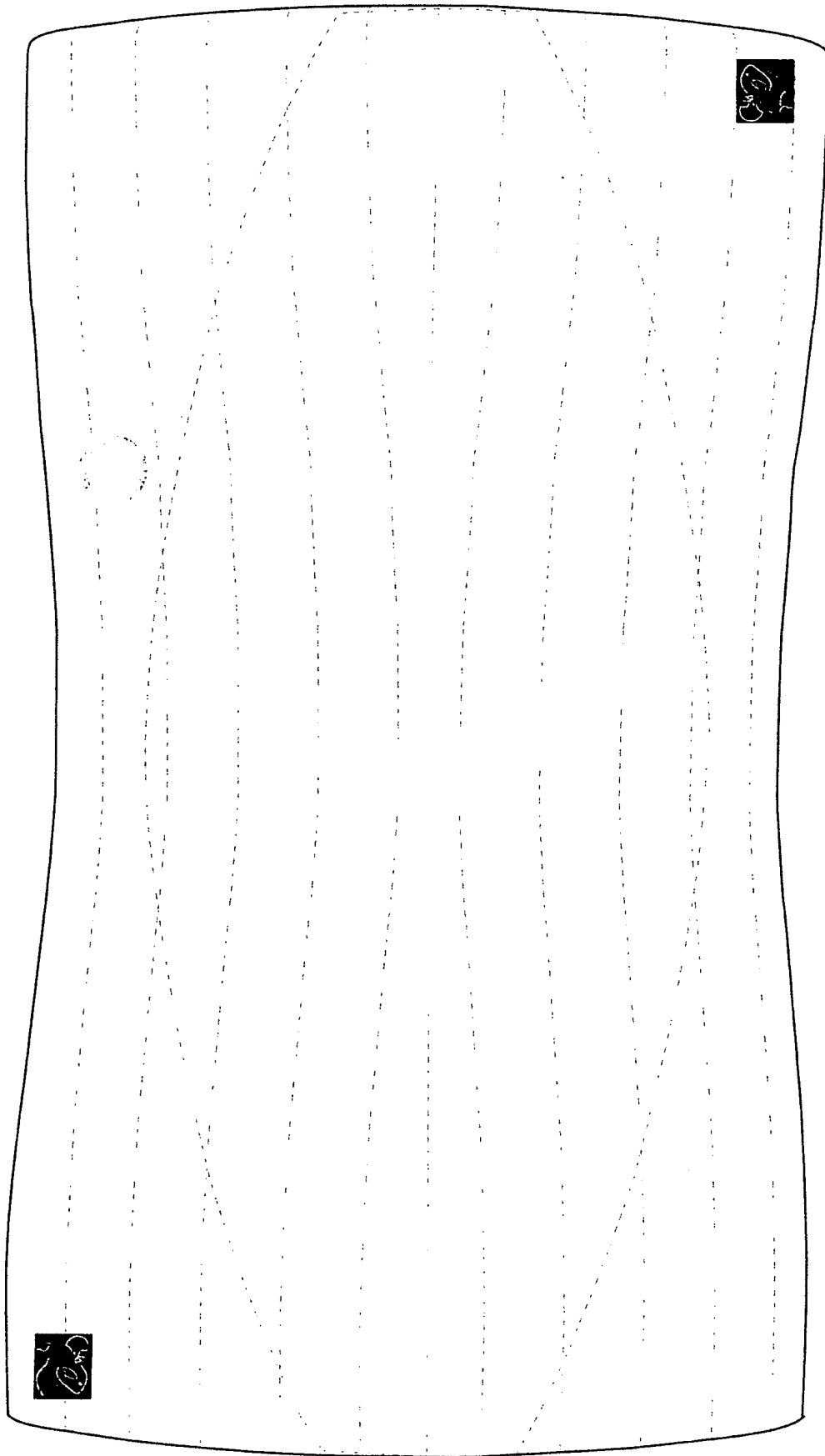
Dual functionality, it contains the serious dirt and germ removal capabilities of Tactix Terry with the incredibly soothing touch of Chammois. The abuse these surfaces will endure and the user's experience of the two are separated by a moisture barrier.



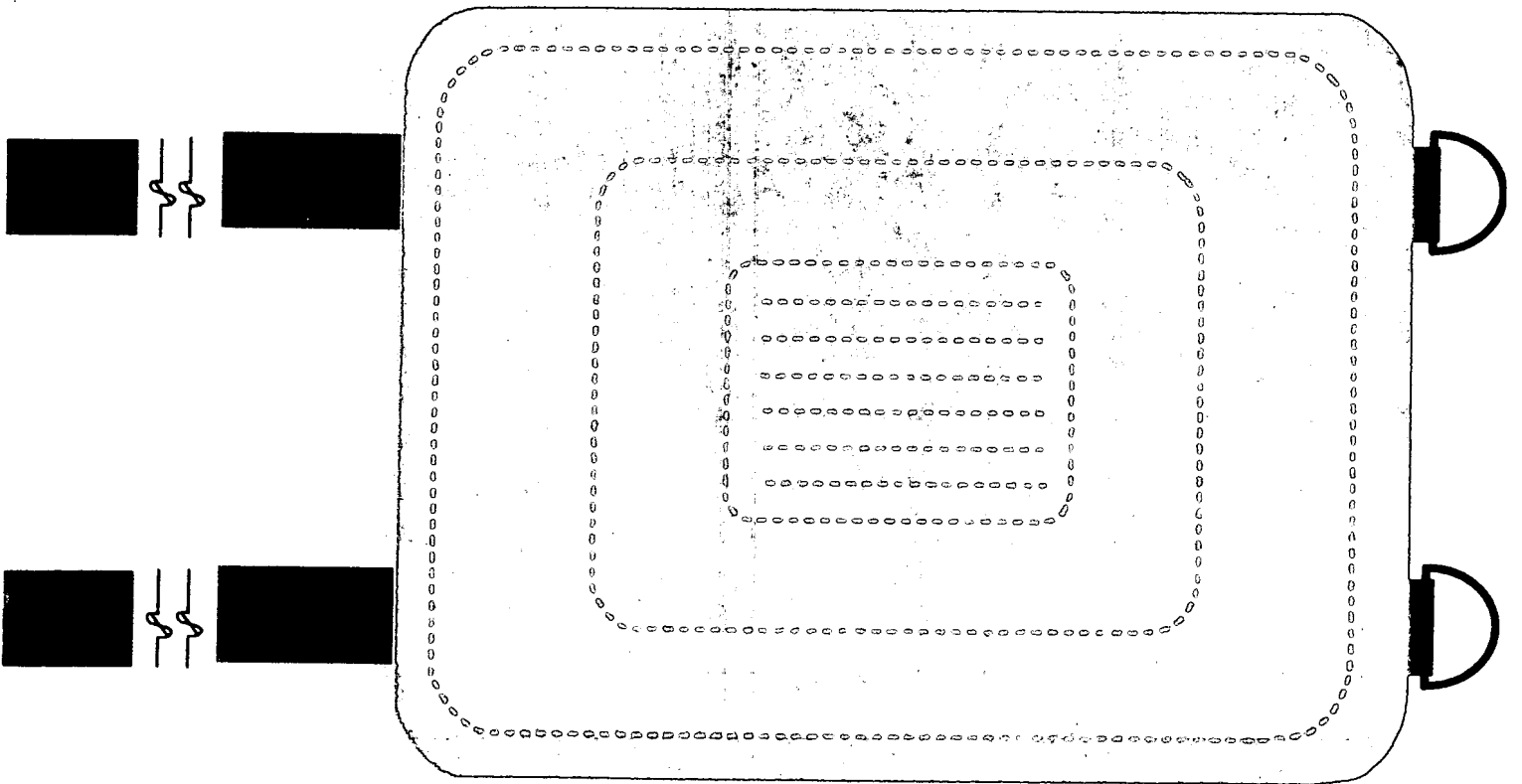
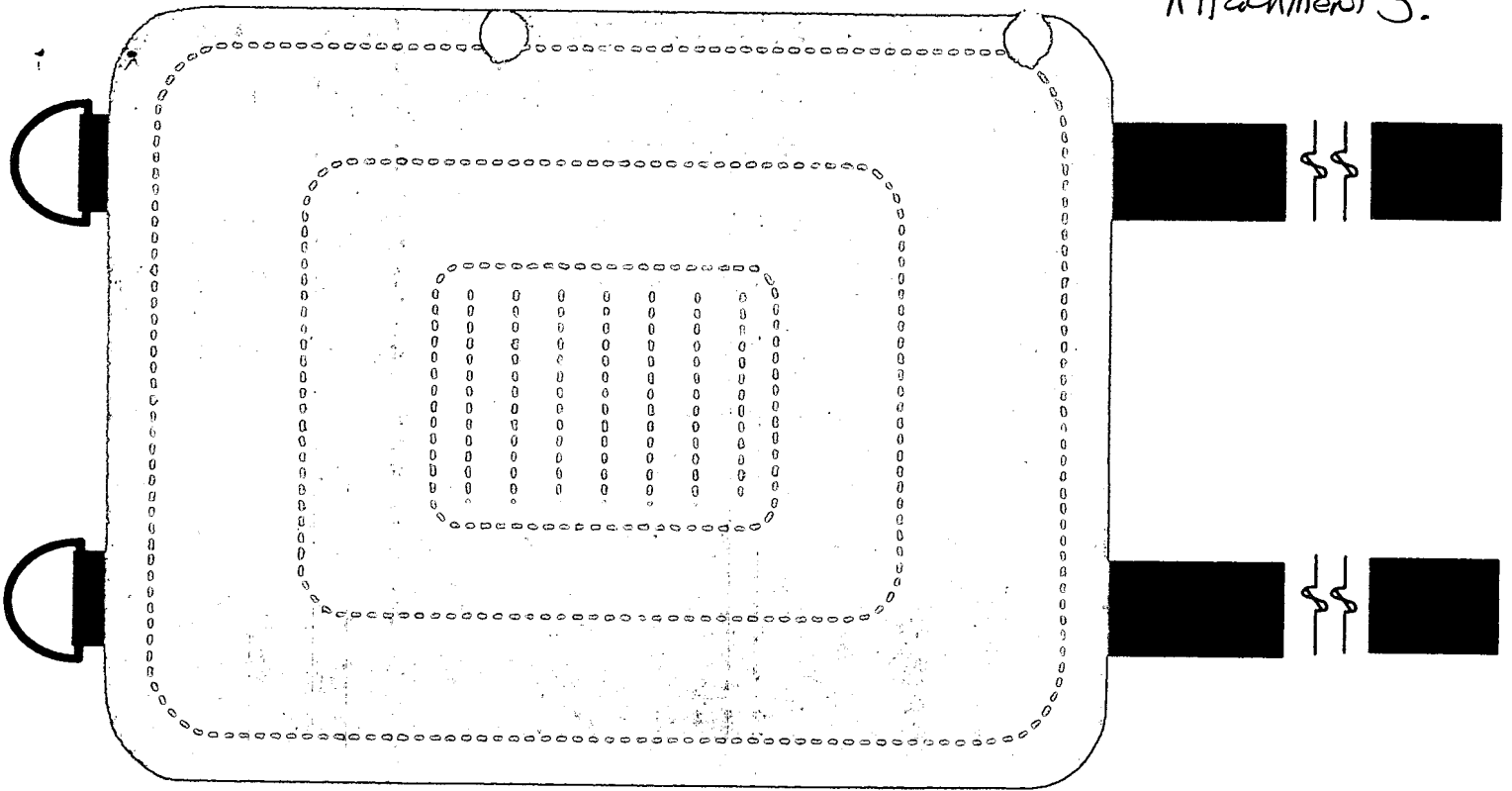
Extreme Extreme

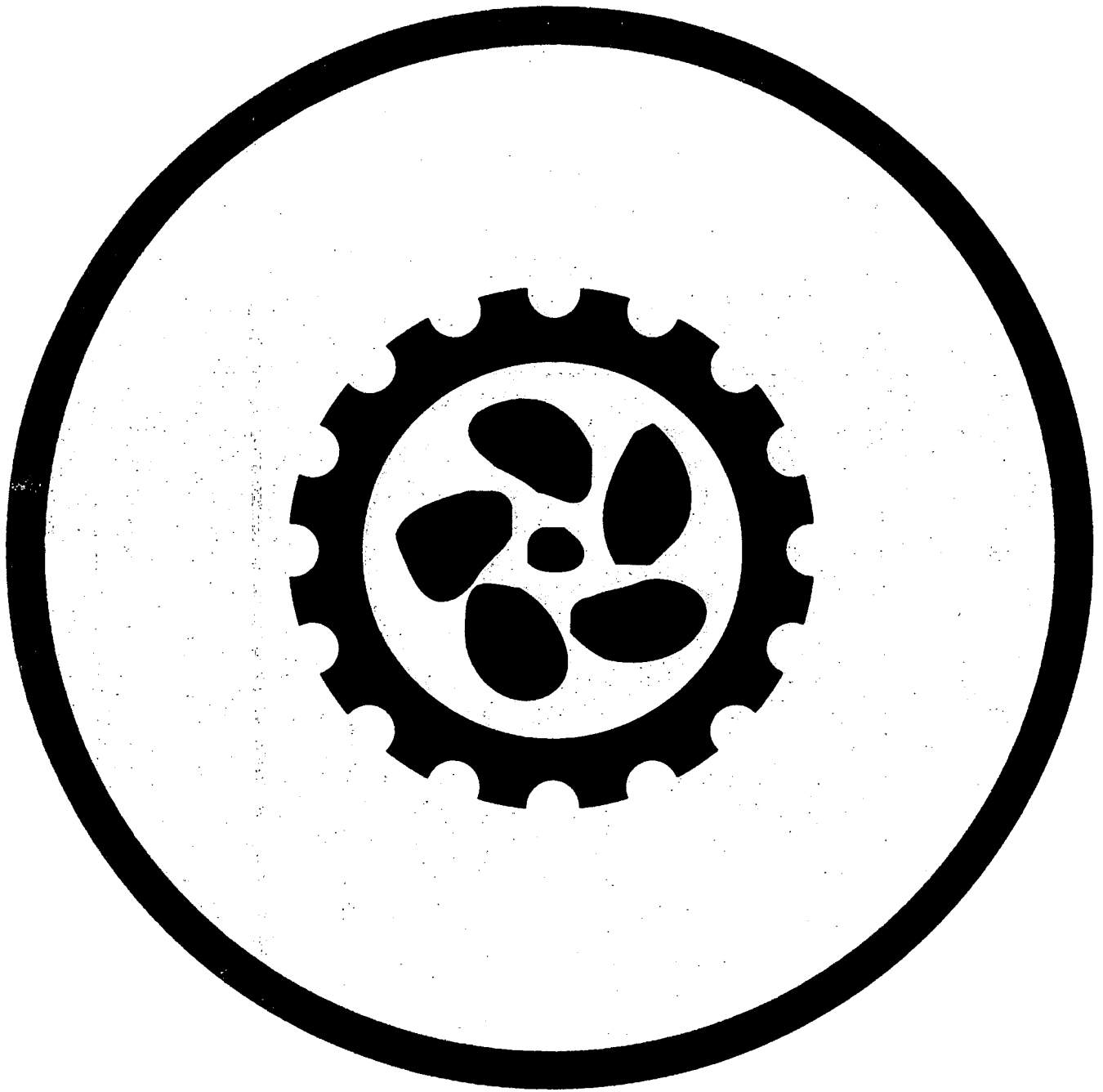
Probably the plushiest towel on earth. It has two outer layers of super absorbent material with ribs of back to back Terry in the elliptical area for added drying impact.

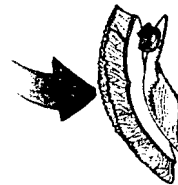
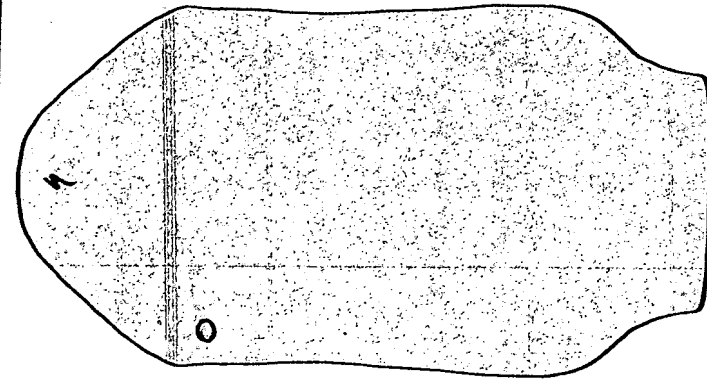




Attachment 3.

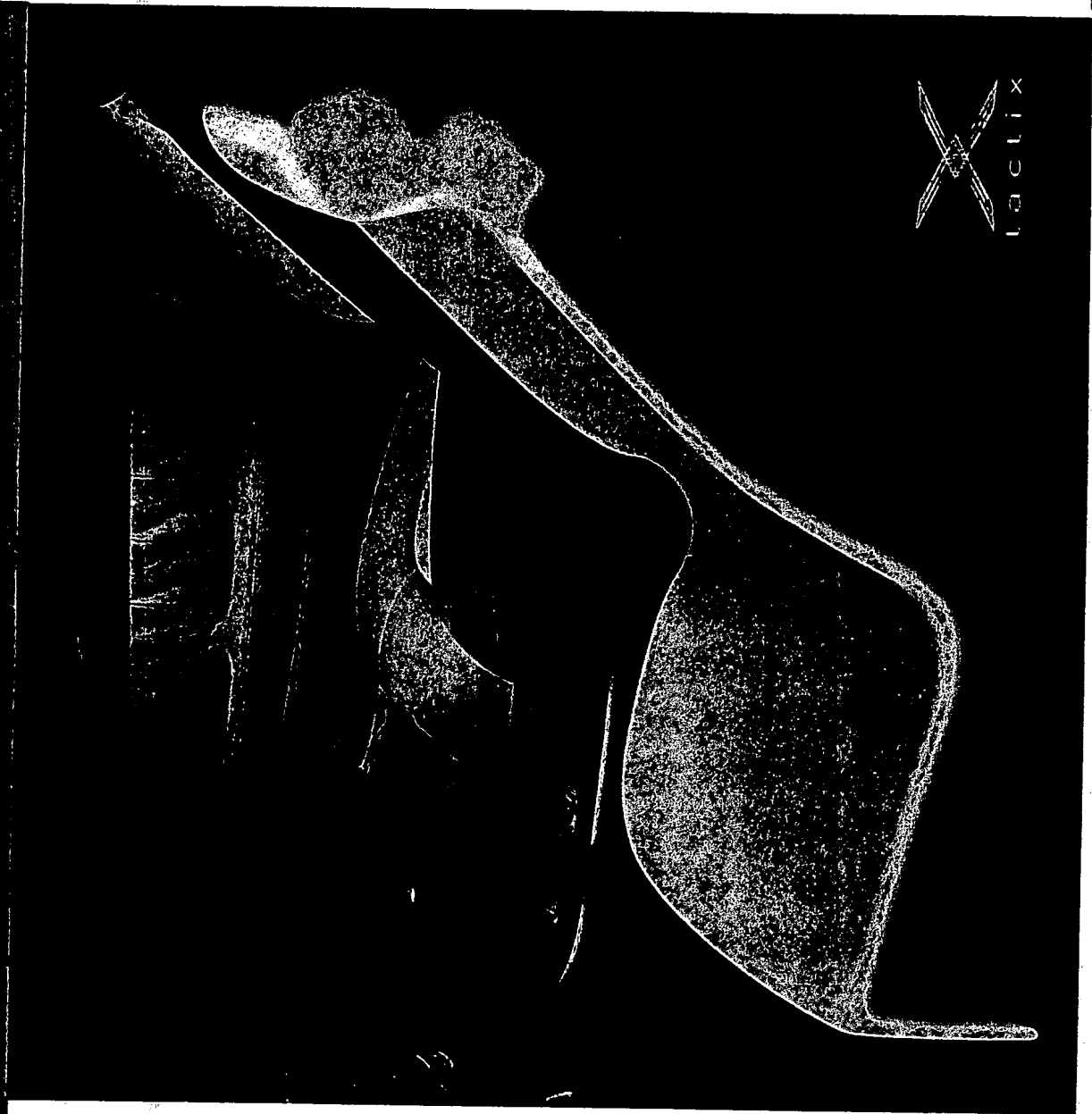






- Lets you drive home in comfort without ruining your car seat.
- The rubbery under-layer holds fast to the car seat for safety, while protecting it from the dirt and moisture you bring in from the trail.
- The terry surface holds loose dust, dirt and mud while wicking away perspiration and water from you.

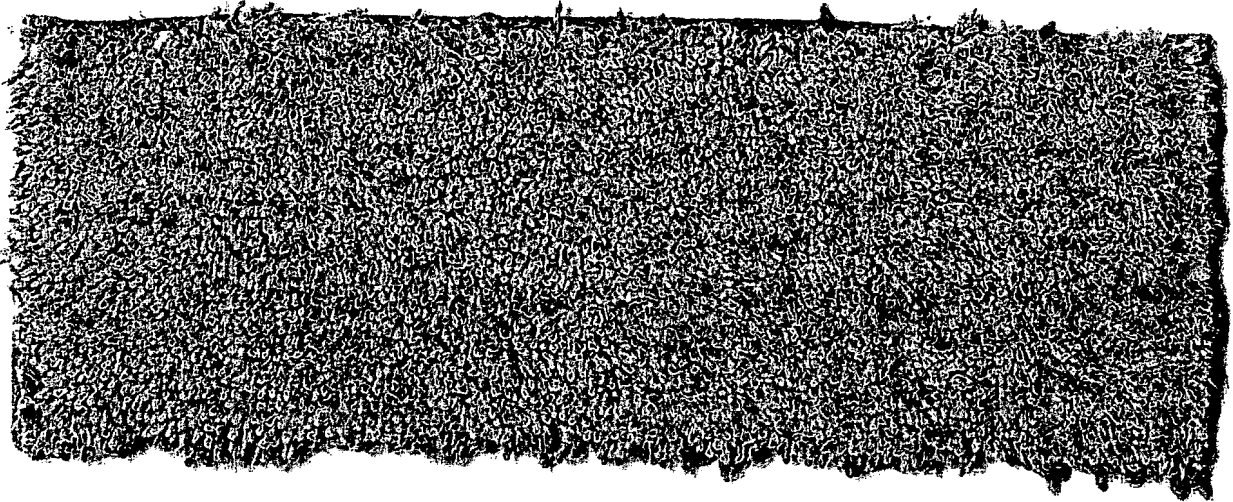
Car Saddle





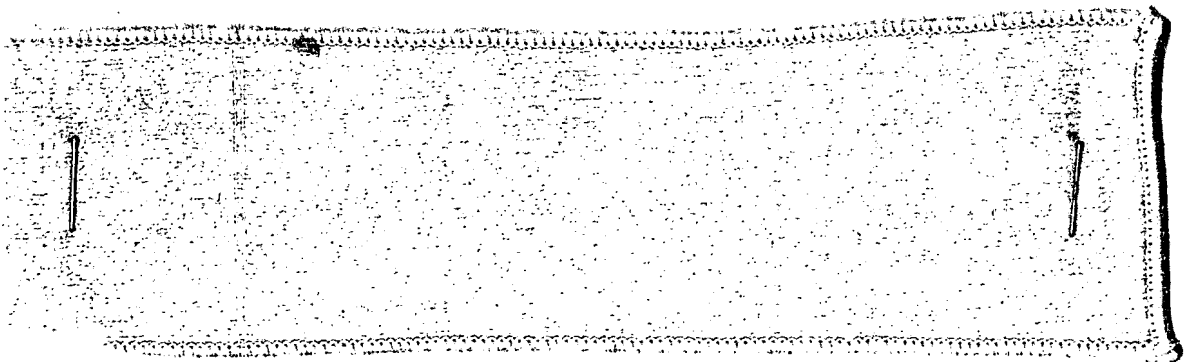
Enclosures 1 - 3

Enclosure 1.



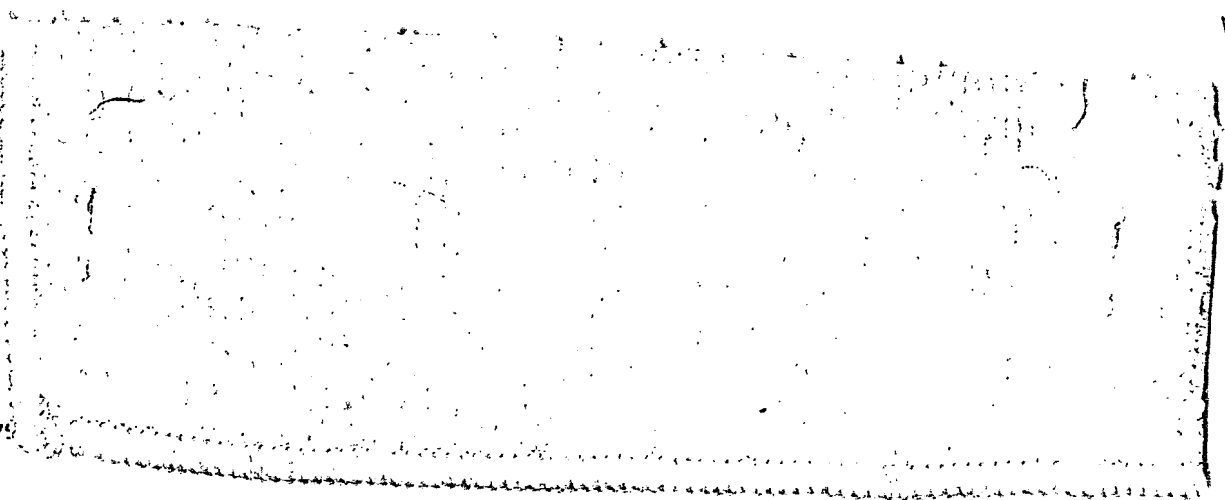
single
knit
terry

Enclosure 2.



Chambray

Enclosure 3.



MP 8